



## **NEWS RELEASE**

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### **AUDIT OF FIVE TOWNS COMMUNITY CENTER: FACT SHEET**

September 20, 2006

**Scope of Audit:** Auditors from the Nassau Comptroller's Office conducted a financial audit and reviewed internal controls of Five Towns Community Center programs funded by Nassau County for the period from January 2003 through July 2005. The objective was to examine the agency's compliance with the terms of its seven contracts with the county, including drug counseling, and programs for seniors and youth. In 2004, the agency's \$3.3 million budget was funded by \$962,000 from Nassau County.

#### **Findings:**

- Lax oversight of employees and inadequate financial controls at Five Towns Community Center provided an opportunity for employees to take thousands of dollars in fees from the county-funded Drug and Alcohol Program.
- The agency did not promptly disclose the alleged theft to law enforcement authorities, quietly arranging instead with one of the employees in question to return \$2,200. Only when auditors from the Comptroller's Office raised questions in the fall of 2005 regarding agency revenues did Five Towns admit the embezzlement to Comptroller's staff.
- An audit of cash receipts for the agency's Drug and Alcohol program confirmed financial discrepancies in the amount of \$7,000.
- Many Five Towns employees are chronically late or leave work early but are nevertheless paid for a full day. The agency's Human Resource Director routinely overrode the time clock and paid for a full day's work regardless of the time recorded. Many of these costs were charged to the county, resulting in thousands of dollars of charges to the county for services it is not receiving.
- Agency employees did not use pre-numbered receipts in a manner to assure that all receipts were controlled and accounted for, failed to comply with its own written cash receipts procedures, and maintained inadequate controls over the receipt of donations and cash disbursements;

- Five Towns leases its premises from Nassau County under a lease requiring that any rents from subtenants be paid to the county. Two previous audits of the agency (1988-1989 and January 1993-August 1997) found that the agency rented rooms to the public to hold private functions but did not pass along the revenue to the county as required in the lease. The prior audits concluded that the agency owes approximately \$114,000 to the county for those rentals. To date, the agency has not paid the county for the back rent.
- The agency continued to collect rents from private functions totaling \$14,650 during the audit period and did not remit them to the county. Five Towns recorded rental income as donations, in what may have been an attempt to avoid complying with the county lease.

The complete audit report may be read or downloaded from the Comptroller's Web site,

<http://www.nassaucountyny.gov/agencies/comptroller/index.html>.

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